
Radiology Interpretation Services, Inc.

Post Office Box 70277
Fairbanks, Alaska 99707

Ms. Alexandria Hicks
CON Coordinator
Department of Health and Social Services
Certificate of Need Program
3601 C Street, Suite 978
Anchorage, Alaska 99503

March 31, 2014

Regarding: Request for Additional Information Required for Request for Determination – Fairbanks MRI & CT

Dear Ms. Hicks:

I received your March 7, 2014 letter requesting additional information in order to make a determination as to whether a CON is required for my project. Below are my responses to your request and I have attached addition supports as necessary.

1. The letter requesting determination states that "leasehold improvements to the space [are estimated] at a cost of \$81,502." However, the certified cost estimate from Architect David A. Whitmore states that "the cost of the leasehold improvements is estimated to be \$188,004." What is the estimated cost of leasehold improvements?

The estimated cost of leasehold improvements is \$81,502. There was an error in Mr. Whitmore's letter and attached is Mr. Whitmore's corrected letter and a letter of explanation from him.

2. The letter requesting determination states that the "total cost of the project is estimated to be \$1,379,987[.]" The certified cost estimate states that the "aggregate total cost of the proposed project is \$1,350,000 (sic)." What is the total estimated cost of the project? Can you explain why the certified cost estimate for the total project is lower than the cost provided in the letter requesting determination, especially in light of the fact that the certified cost estimate includes a cost for leasehold improvements that is over \$100,000 more than the cost included in the letter requesting determination?

The total estimated cost of the project is \$1,380,037. There was an error in Mr. Whitmore's letter and attached is Mr. Whitmore's corrected letter and a letter of explanation from him. I have also

attached a schedule showing the makeup of the Total Project Cost.

3. The letter requesting determination states that the net present value of the property lease is \$133,839. How did you come to this conclusion? Can you provide supporting documentation for this conclusion (i.e. what is the structure of the lease, what are the total lease payments under the terms of the lease, what is the useful life of the asset, and what is the existing age of the asset)?

I am looking to enter into a two year lease for 3,085sf at the Washington Plaza on Airport Way in Fairbanks, Alaska at a cost of \$2.00 per sf per month. The attached schedule shows the net present value of the \$148,080 of total lease payments is \$133,889. The structure is a wood framed masonry building built in 1984 which has a useful life of 25 years per the American Hospital Association's Estimate Useful Lives of Depreciable Hospital Assets. As building is 30 years old and past its useful life, the net present value of the lease payments is the proper amount to be considered for my project. Attached are documents which show the calculation and information on the structure.

4. You state that other equipment and furnishings "have an estimated cost of \$6,286." Can you provide a more detailed description of what equipment and furnishings are included in this cost?

The attached schedule shows the equipment I will be purchasing for the project.

5. The quotation supplied with the request for determination states that "This quotation shall remain valid for 30 days (not to exceed 60 days) from date of submission." Do you believe that this quotation is still valid even though more than 60 days have passed?

I have spoken with the equipment vendor and their quotation is still valid.

I believe the responses above and supporting documents provide the additional information requested by the Department. Therefore, I look forward to receiving your determination as to whether a CON is required for my project.

Sincerely,
Jeffrey Zuckerman, M.D.
Radiology Interpretation Services, Inc.

David A Whitmore, Architect LLC
535 Third Avenue, Suite A
Fairbanks, Alaska 99701
Phone (907)452 2339 cell (907) 687 4327
E-mail david@whitmorearchitect.com

March 12, 2014

Ms. Alexandria Hicks
CON Coordinator
Department of Health and Social Services
Certificate of Need Program
3601 C Street, Suite 978
Anchorage, Alaska 99503

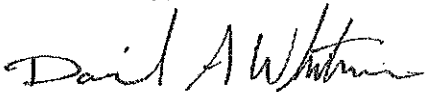
Regarding: Fairbanks MRI & CT Project Cost

Dear Ms. Hicks:

I am writing in response to your letter dated March 7, 2014 requesting clarification and additional information in regards to Dr. Zuckerman's Request for Determination. In reviewing your request, I noted that I had given the template letter I was using to Dr. Zuckerman instead of my letter. I remember I had had several computer issues that day and the template must have printed instead of my final letter and that is why there are discrepancies between the two. I have attached my actual letter for your consideration.

Please let us know if we can be of any further assistance.

Sincerely,



David A. Whitmore, Architect LLC

David A Whitmore, Architect LLC
535 Third Avenue, Suite A
Fairbanks, Alaska 99701
Phone (907)452 2339 cell (907) 687 4327
E-mail david@whitmorearchitect.com

February 24, 2014

Mr. Jared Kosin
Executive Director
Department of Health and Social Services
Section of Planning and Systems Development
3601 C Street, Suite 978
Anchorage, Alaska 99503

Regarding: Project Cost

Dear Mr. Kosin:

We have been hired to provide professional services for a project currently being planned by Radiology Interpretation Services, Inc. (RIS). The project as planned would consist of purchasing a MRI Unit and a CT (Computed Tomography) Unit, entering into a lease for space to operate out of, making leasehold improvements to the space leased and purchasing various additional equipment needed for the project. We have been asked to provide a "certified estimate of total cost of the proposed facility according to Alaska Code 7 ACC 07.010 and the following is an estimate of the total cost prepared in conjunction with Dr. Jeffrey Zuckerman of RIS.

The medical equipment's cost for both units is \$1,158,360 per the Toshiba American Medical Systems quote dated 12/19/2013 for a refurbished 1.5 Titan wide bore MR and refurbished 16 slice Aquilion CT system. The office Equipment and furnishings have an estimated cost of \$6,286. RIS anticipates leasing approximately 3,085 square feet in a wood framed masonry building at a Fairbanks mall built in 1984 and the present value of the lease payments are \$133,889. Based on the proposed floor plan of the facility, the cost of the leasehold improvements is estimated to be \$81,502 and this amount includes permits and architectural fees.

The aggregate total cost of the proposed project is \$1,380,037.

Please let us know if we can be of any further assistance.

Sincerely,



David A. Whitmore, Architect LLC

Fairbanks MRI & CT Project

MRI Unit Cost	\$	800,000
CT Unit Cost	\$	358,360
NPV Lease Payments	\$	133,889
Leasehold Improvements	\$	81,502
Equipment Cost	\$	6,286
Total Project Cost	\$	<u>1,380,037</u>

Month	Rent	NPV 10%	Lease is for 3,085sf at \$2.00 a foot per month for 2 years.
1	6,170.00	6,170.00	
2	6,170.00	6,118.58	
3	6,170.00	6,067.17	
4	6,170.00	6,015.75	
5	6,170.00	5,964.33	
6	6,170.00	5,912.92	
7	6,170.00	5,861.50	
8	6,170.00	5,810.08	
9	6,170.00	5,758.67	
10	6,170.00	5,707.25	
11	6,170.00	5,655.83	
12	6,170.00	5,604.42	
13	6,170.00	5,553.00	
14	6,170.00	5,501.58	
15	6,170.00	5,450.17	
16	6,170.00	5,398.75	
17	6,170.00	5,347.33	
18	6,170.00	5,295.92	
19	6,170.00	5,244.50	
20	6,170.00	5,193.08	
21	6,170.00	5,141.67	
22	6,170.00	5,090.25	
23	6,170.00	5,038.83	
24	6,170.00	4,987.42	

Total	<u>148,080.00</u>	<u>133,889.00</u>	Net Present value of lease payments
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Equipment	Chairs	3,100.00
	Tables	450.00
	Rugs	350.00
	File Cabinets	286.00
	Chairs	600.00
	Computers	1,000.00
	Printer	500.00
	Total	<u>6,286.00</u>

Washington Plaza; Airport Way; Fairbanks, Alaska

Property Summary

[back to Search Page](#)

PAN

0406813

PROPERTY PHYSICAL DESCRIPTION

TRACT A2B1 EXECUTIVE PARK OUT OF TRACT
A2A EXECUTIVE PARK ESTATES REPLAT 84-282
12/4/84 WAS TR A2B

NEIGHBORHOOD

0170 Van Horn Industrial (City)

BUSINESS

WASHINGTON PLAZA AIRPORT RD - Matherly
Allstate Insurance Agency - Alaska Dental Clinic

PROPERTY CLASS

Commercial

MILLAGE GROUP

0037 EXECUTIVE PARK

MOST RECENT MILLAGE RATE

16.9320

STATUS

TAXABLE

FIRE SERVICE AREA

CITY OF FAIRBANKS

ADDITIO

[Building C](#)
[View Prop](#)

LAND AREA

Parcel

1 131444.8 Square Feet

OWNER**NAME**

GLOBAL FINANCE & INVESTMENT
COMPANY INC,

INTEREST

OWNERSHIP

ADDRESS**SITUS ADDRESS**

3401 AIRPORT WAY
3447 AIRPORT WAY

The FNSB provides a link to view the recorded document at the State of Alaska Recorders Office through the instrument #. The FNSB has contents posted on any external web sites and these sites may have separate terms of use and privacy policies. The inclusion of this web endorsement by the FNSB of the site, its content, advertisers or sponsors.

Documents

DESCRIPTION	RECORD DATE	BOOK	PAGE	INS
Right-of-Way Plat	11/19/2009			2009-022504-
Record Survey	1/24/2007			2007-001688-
Warranty Deed	4/27/2006			2006-009204-
Right-of-Way Deed	7/31/2003			2003-018639-
Declaration of Taking	1/31/2002			2002-002367-
Deed of Trust	9/27/1995	920	846	
Quit Claim Deed	3/12/1990	656	279	1990-004302-
Deed of Trust	3/1/1990	656	282	

Assessment History (For questions regarding assessments, contact the FNSB Assessing at 907-459-1428.)

YEAR	LAND	STRUCTURES ETC.	FULL VALUE TOTAL	EXEMPTIONS TO
2013	\$788,669	\$2,855,161	\$3,643,830	\$0
2012	\$788,669	\$2,822,476	\$3,611,145	\$0
2011	\$788,669	\$2,633,547	\$3,422,216	\$0
2010	\$788,669	\$1,953,083	\$2,741,752	\$0
2009	\$788,669	\$1,970,722	\$2,759,391	\$0

[Pay Property Taxes by credit card](#)

Tax History (Updated: 03/31/14 04:00 AM)

If taxes are delinquent interest calculation date is: 11/1/2013 and payment must be guaranteed funds.

Year Built
*

Building Details for PAN 0406813

Building General Features

YEAR BUILT DESCRIPTION ARCHITECTURE CATEGORY

View Details 1 1984

Wood, Open Steel Commercial Standard Commercial

Amenities

QUANTITY	DESCRIPTION
1	2 Fix. Bath_Comm
1	4 Fix. Bath_Comm
45457	air conditioning
2	Elevator Landings
1	Elevators
1	Security System
53560	sprinkler

Primary Details

SECTIONID	FOOTPRINT	STORIES	PERIMETER	INTERIORDESC	WALLTYPE
1	13309	1	504	Shopping Center Comm	Wood Fram,Brik on Wd
2	12428	1	487	Shopping Center Comm	Wood Fram,Brik on Wd
3	19720	1	723	Shopping Center Comm	Wood Fram,Brik on Wd

* Type of construction

Secondary Sections

SECTIONID	FOOTPRINT	SECTIONDESC
3	4120	COMMERCIAL CANOPY
4	2879	COMMERCIAL CANOPY
5	750	Closed Por Finished
6	320	MECHANICAL ROOM
7	188	COMMERCIAL CANOPY
8	34	Open Por Finished

TABLE 2

Buildings

Buildings are structures consisting of building shell, exterior walls, interior framings, walls, floors, and ceilings. The asset cost would include a proportionate share of architectural, consulting, and interest cost for newly constructed or renovated facilities. In assigning the estimated useful lives in this table, the following factors were considered: the type of construction, the functional utility of the structure, recent regulatory or environmental changes, and the general volatility of the health care field.

ITEM	YEARS	ITEM	YEARS
Boiler house	30	Metal-clad building	20
Garage		Parking structure, multilevel	25
Masonry, brick or block	25	Prefabricated and portable building	25
Wood frame	15	Reinforced concrete building, common design	40
Guardhouse	15	Residence	
Incinerator, outdoor	15	Masonry, brick or brick veneer	25
Masonry building, reinforced concrete frame	40	Wood frame	25
Masonry building, steel frame		Storage building	
Fire-resistive	40	Masonry	25
Non-fire-resistive	30	Metal garden-type	10
Masonry building, wood/metal frame	25	Wood frame	20

X

Estimated Useful Lives of Depreciable Hospital Assets

Revised
2013
Edition